FAR 15

Best Value

An Overview of FAR PART 15
and AFFARS PART 5315

8Sep99

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Outline

- New Source Selection Environment
- Regulatory Framework
- Best Value Roadmap
- Description of Approaches
- Overview of New Air Force Source Selection Policy
- Summary

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New Source Selection Environment

- Align with new FAR Part 15
- Increased Emphasis on Past Performance
- Air Force Openness Policy
  - Integrity/fairness
  - Partnering with Industry
- Commercial Item Contracting
- Price Based Acquisition
- Decreased Field Experience in Source Selection
- Need to Streamline Air Force Acquisition Policy
  - Downsizing
  - Reduced Cycle Time
  - Empowerment
    (CO is SSA for Basic; Greater Flexibility)
  - Less Documentation

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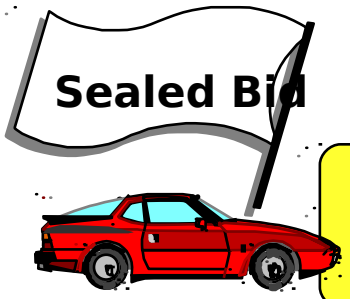
Rewrite Products

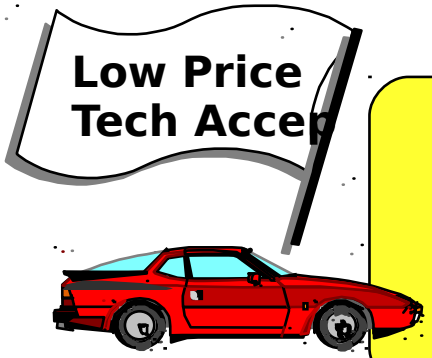
- AFFARS Part 15 policy
  - Replaces all current Air Force source selection coverage
  - Rescinds AFFARS Appendices AA and BB
  - Policy all in one place
  - Issued as Air Force Acquisition Circular (AFAC)96-2 (4 Jun 99)
- Source Selection Procedures Document
  - SAF/AQC Homepage

Regulatory Framework



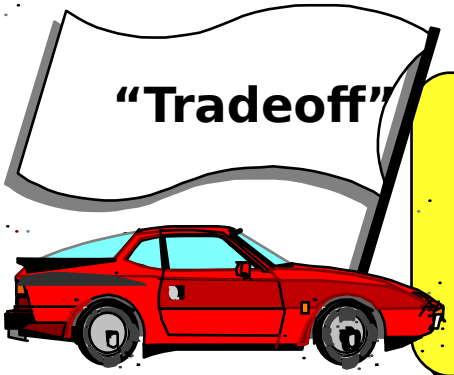
Sealed Bid
FAR 14

- **Statutory Preference**
  - **Low price**
  - **Conforming bid**



LPTA Source Selection
FAR 15.101-2

- **"Go or No Go" Technical Acceptability**
- **Low Cost/Price Decision**



<u>Tradeoff</u> Source Selections
PPT, Basic, Median, Agency

- **Specifies relative importance of cost, non-cost**
- **Weighs cost against benefits**

FAR 15.101-1 and 15.300
AFFARS 5315.101-1 and 5315.300

Best Value Roadmap

Begin Best Value

Risk Assess Workshop

Key Discriminators

Requirements & Criteria

DRFP

RFP

"Receive" Proposals

- Tech Quality
- Past Perform
- Cost/Price

Evaluate using Clarifications or Communications (as appropriate)

Award without Discussions

or

Determine Competitive Range

Lessons Learned

Market Research

APPROVED Best Value Process

FAR and AFFARS

Customers Needs

Debrief Offerors

Debrief "Cut" Offerors

Have Meaningful Exchanges with Offerors

Final Proposal Revisions

Award Contract(s)

Decision

Compare Proposals

Re-Evaluate Proposals

Industry Involvement/Feedback Opportunities

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Best Value

- **The Expected Outcome of an Acquisition that, in the Government's Estimation, Provides the Greatest Overall Benefit in Response to the Requirement. (FAR 2.101)**
- **No Longer Describes Only Color- Coded Source Selections**

BEST VALUE IS THE GOAL OF ALL ACQUISITIONS!

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Best Value (cont)

Source Selection Processes on the Best Value Continuum

LPTA* Process	Trade-Off Process
No Technical Trade-Offs	Technical Trade-Offs
Lowest Priced Trade-Offs	Price/Cost Trade-Offs
May Evaluate Past Perf	Shall Evaluate Past Perf
FFP Contract Type	All Contract Types

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Lowest Price Technically Acceptable (LPTA)

- "Technical" Quality Must Be Considered
  - Compliance with RFP Requirements and/or
  - Past Performance and/or
  - Submission/Evaluation of Technical Proposal
- Technically Acceptable/Unacceptable
  - Go-No Go Decision
  - Tradeoffs Are Not Permitted
- Award Made to Lowest Price Offer (With Technical, Other Non-cost Factors Acceptable)
- Contracting Officer Makes Award Decision

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Performance Price Tradeoff (PPT)

- No Separate Technical Proposal Received
- "Technical" Quality Must Be Considered
  - Compliance with RFP Requirements

    and/or
  - Minimum Mandatory Criteria Established
  - Go/No Go
- Comparative Assessment Between Past Performance and Price/cost
- CO Is SSA, Unless Otherwise Designated

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Technically Acceptable-Performance Price Tradeoff (TA-PPT)

- Separate Technical Proposal Is Received
- Tradeoffs Between Past Performance/price Among Technically Acceptable Offerors
  - Technical Is a "Go-no Go"
    - Minimum Mandatory Criteria Established
    - Only Those Offerors Determined to Be Technically Acceptable Will Be Considered for Award
  - Comparative Assessment Between Past Performance and Price/cost
- CO Is SSA, Unless Otherwise Designated

Past Performance Thresholds

★ Systems
 Ops Support

≥$5,000,000

 Services (Repair)
 Information Technology

≥ $1,000,000

★ Fuels: ≥ $100, 000
 Health Care: ≥ $100, 000
 Science & Technology: ≥ $ 1,000,000
Construction/Architect-Engineering: ≥ $ 25, 000

Key Business Sectors

Unique Business Sectors

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Exemptions To Air Force Source Selection Policy (AFFARS 5315)

- LPTA
- PPT (TA-PPT)
- Basic Research
- Small Business Innovation Research and Small Business Technology Transfer Acquisitions
- Architect-engineer Services

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Air Force Source Selection Policy (AFFARS 5315)

3 Categories of Source Selection

- **Basic ($100K to <$10M)**
  - **2 person team Contracting Officer and technical**
- **Median ($10M to $100M)**
  - **Limited Number of Personnel**
  - **SSA, SSET, PRAG Optional, CO**
- **Agency (> $100M)**
  - **Limited Number of personnel**
  - **SSA, SSAC (normally), SSET, PRAG, CO**

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SOURCE SELECTION AUTHORITY LEVELS - AFMC

- **PEO and DAC Programs and Other Contracting***
- **SAT up to $10M - Contracting Officer (CO)**
- **$10M up to $50M - Single Manager****
- **$50M up to $500M - PEO or DAC or Center CC**
- **$500M+ - PDASAF(A&M)*****

* Except for Major Automated Information System (MAIS) and non-MAIS Information Technology (IT)

** Includes System Program Director (SPD), Product group Manager (PGM), Material Group Manager (MGM), Technology Director (TD) and Wing Commander

*** Unless ACAT ID entering EMD - ASAF(A)

Note: PDASAF(A&M) may elect to serve as SSA for any special or unique source selections

➔All delegable to no lower than CO

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Mandated Source Selection Evaluation Factors

- Mission Capability
  - Limited to 6 Subfactors
  - Elements Permitted (In Rare Instances on Agency Source Selections)
- Proposal Risk
  - Optional for Basic Source Selections
- Performance
  - At Least as Important as Most Important Non-Price/Cost Factor
- Price/Cost

Color Definitions
(for Grading Mission Capability Subfactors)

- Blue - Exceptional Exceeds specified minimum performance or capability requirements in a way beneficial to USAF
- Green - Acceptable Meets specified minimum performance or capability requirements necessary for acceptable contract performance
- Yellow - Marginal Does not clearly meet some specified minimum performance or capability requirements necessary for acceptable contract performance but any proposal inadequacies are correctable

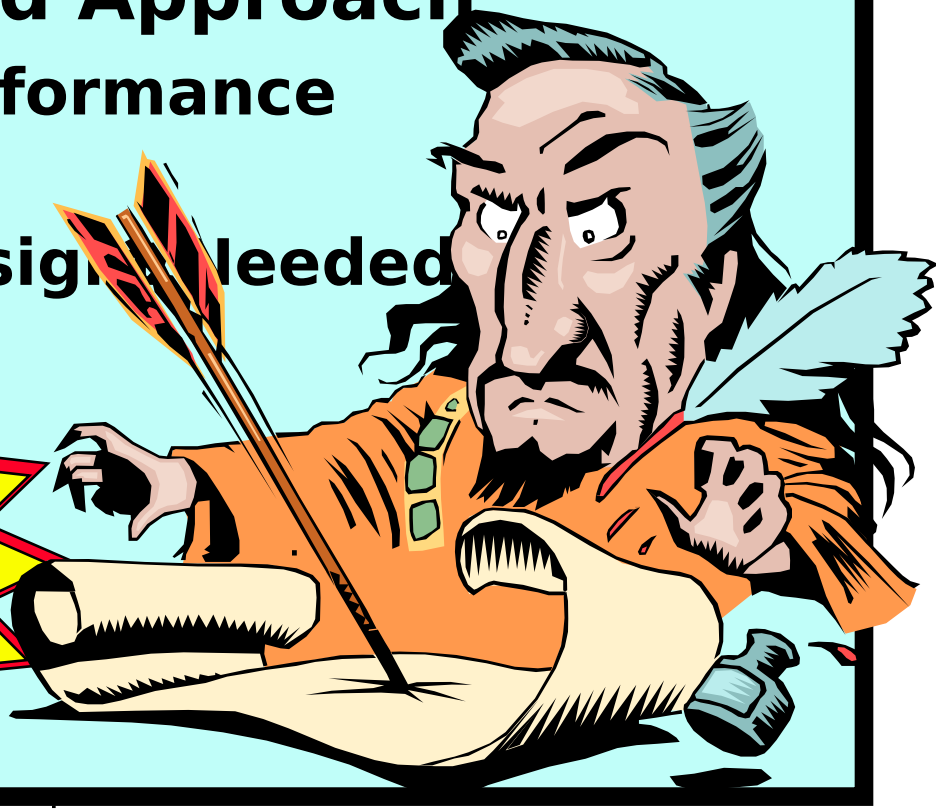
Proposal Risk Definitions (for Grading Mission Capability Subfactors)

- Identification and Assessment of Risk Associated With an Offeror's Proposed Approach
  - Cost/Schedule/Performance Impact?
  - Government Oversight Needed
- Rated As:

High

Moderate

Low



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Past Performance Rating Definitions

- **Exceptional/<u>High</u> Confidence**
  - **Based on the offeror's performance record, <u>essentially no doubt</u> exists that the successful offeror will successfully perform the required effort.**
- **Very Good/<u>Significant</u> Confidence**
  - **Based on the offeror's performance record, <u>little doubt</u> exists that the offeror will successfully perform the required effort.**
- **Satisfactory/<u>Confidence</u>**
  - **Based on the offeror's performance record, some doubt exists that the**

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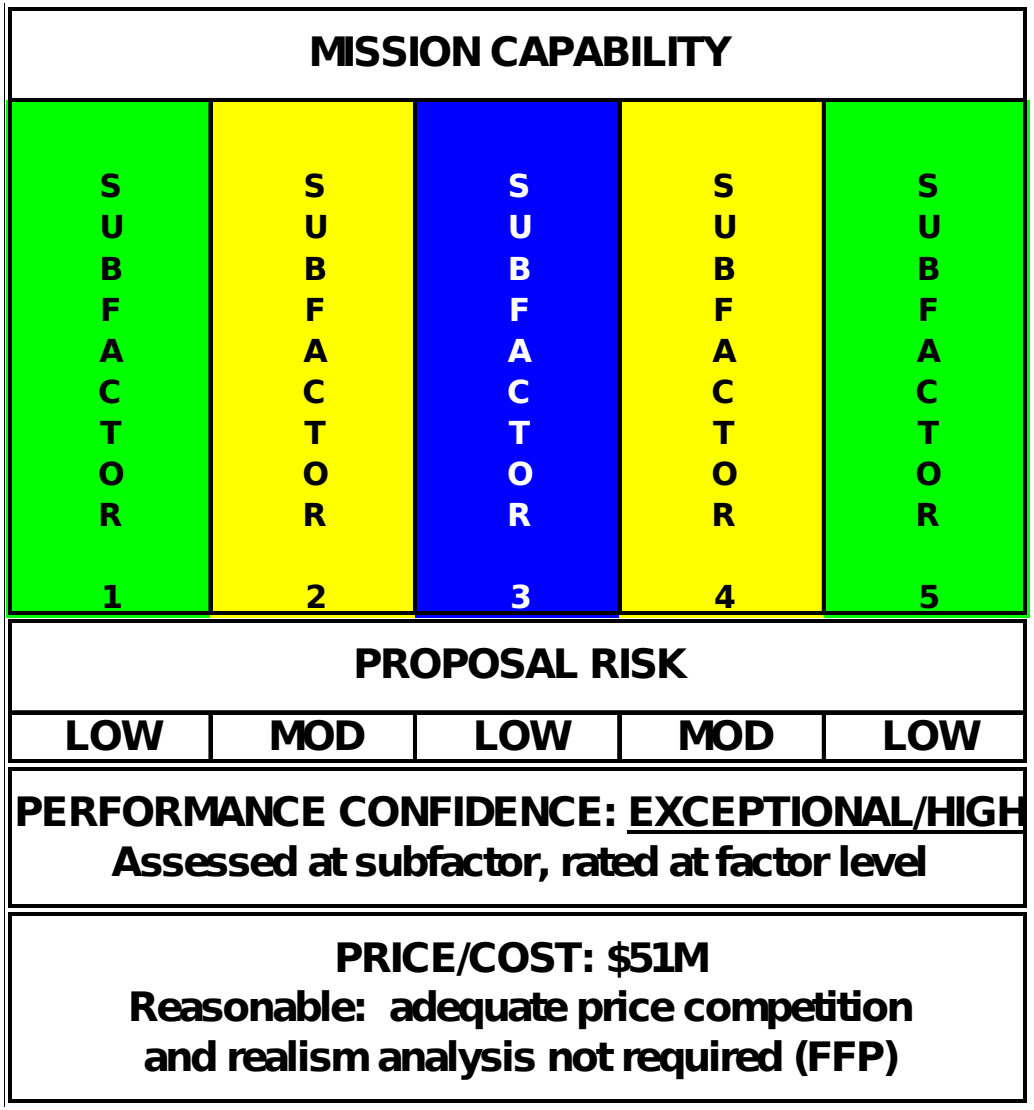
Past Performance Rating Definitions (Cont.)

- Neutral/Unknown Confidence
  - No performance record identifiable.
- Marginal/Little Confidence
  - Based on the offeror's performance record, substantial doubt exists that the offeror will successfully perform the required effort. Changes to the offeror's existing processes may be necessary in order to achieve contract requirements.
- Unsatisfactory/No Confidence
  - Based on the offeror's performance record, extreme doubt exists that the

Sample Evaluation Matrix



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Emphasize Price Analysis Vs. Cost Analysis

- Source Selections Are Conducted With Expectation of Adequate Price Competition
- Adequate Price Competition Relies on Market Forces to Ensure Prices Are Reasonable
- Limit Price/cost Information to That Essential to Conduct Evaluation

→ Requests for Cost or Pricing Information (Includes Cost or Pricing Data) for FFP Source Selections Must Be Approved by SAF/AQC

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Release of Rating Status

- **Mandatory for ACAT programs**

- **Requires release of rating status**

  after discussions ended

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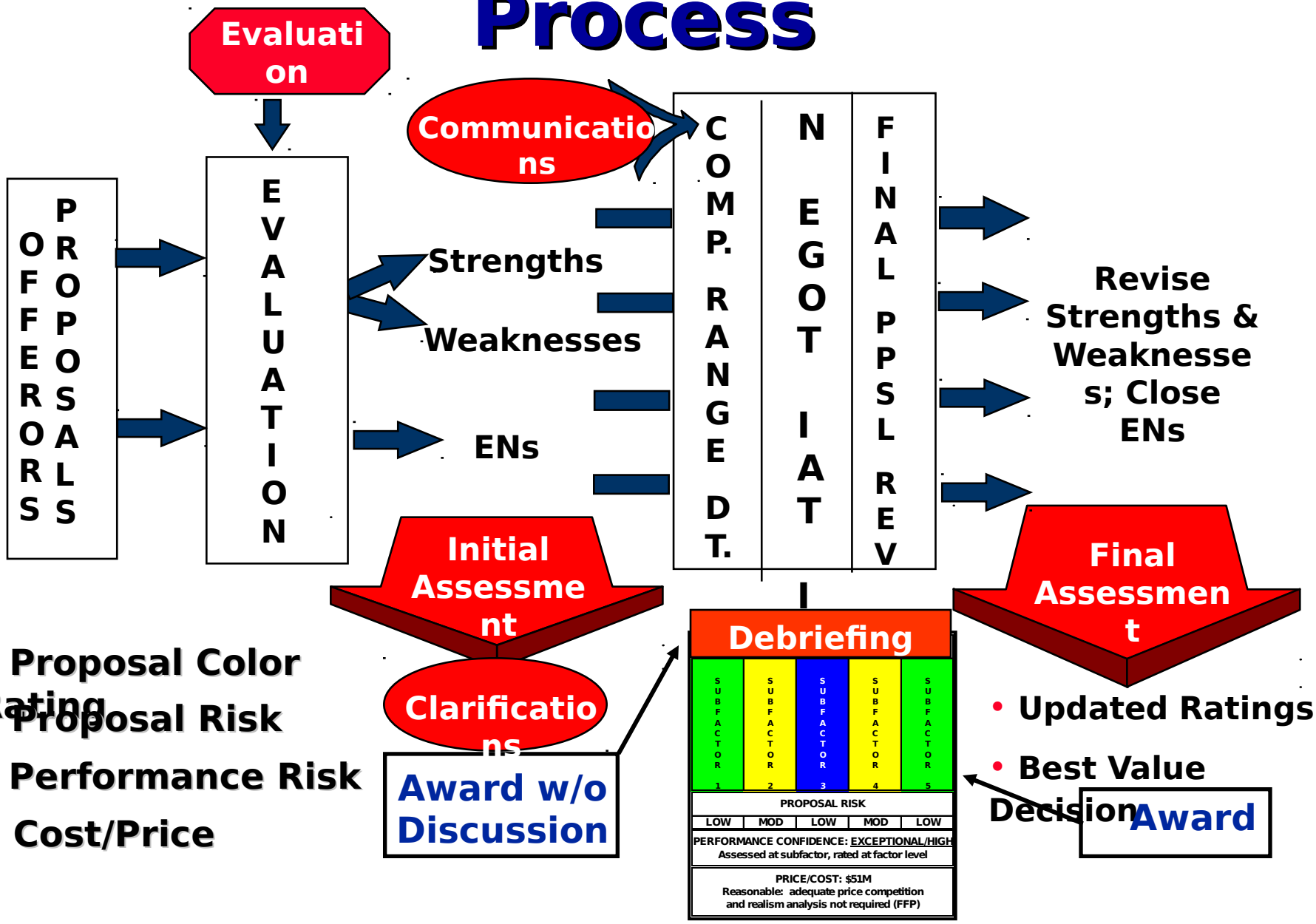
Debriefing

- Revised AFFARS Language
  - Debriefed offeror
    - » Provide same final rating charts briefed to SSA
    - » Describe strengths and weaknesses
  - Unsuccessful offerors
    - » Provide same final ratings provided SSA on successful offeror
    - » Strengths and weaknesses of successful offeror provided, appropriately redacted
  - Debriefing not a debate forum
  - Redacted SSDD provided to all offerors
  - At discretion of SSA, redacted PAR may be released
  - Contracting Officer approval authority to release Source Selection Information during source selection and after award

Source Selection Evaluation Process



Summary

Better!

✔ Simplified Evaluations

✔ Fewer Key Factors

Cheaper!

$ Streamlined Procedures

$ Fewer Resources Require

Faster!

➠ Evaluation Takes Less Time

 Innovations, Improve Process

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Useful Website Addresses

- WR-ALC/PK, Directorate of Contracting Homepage:
  - http://contracting.robins.af.mil/
- WR-ALC/PKA, AST Homepage:
  - http://contracting.robins.af.mil/rfp-main.ssi
- New AFFARS Policy/Procedures:
  - http://www.safaq.hq.af.mil/contracting/library/sspol_proc.html
- FAR On-line:
  - http://contracting.robins.af.mil/rfpso/ss-ref~1.ssi